

Attachment 12



Federal Communications Commission
Washington, D.C. 20554

June 1, 1999

Mr. Bruce K. Posey
Senior Vice President
Federal Relations and Regulatory Law
U S WEST, Inc.
1090 19th Street, N.W., Suite 700
Washington, D.C. 20036

Dear Mr. Posey:

We have been following with concern events subsequent to U S WEST's filing of its February 22, 1999 Petition before the Arizona Corporation Commission (ACC) in Arizona Docket No. RT-000001-99-0095, and that Commission's Decision No. 61696 dated May 19, 1999. We are particularly troubled by the view, expressed by some U S WEST representatives, that the Federal Communications Commission may lack authority over the determination of in-state Local Access and Transport Area (LATA) boundaries and that U S WEST is free to provide telecommunications services across current LATA boundaries in Arizona without first applying to, and receiving approval from, the Federal Communications Commission for LATA boundary modifications.

As the Common Carrier Bureau stated explicitly in the 1997 *LATA Boundaries Order*, 12 FCC Rod 4738, the Telecommunications Act of 1996 gives unambiguous, explicit, and sole authority over LATA boundaries to the Federal Communications Commission. Should U S WEST begin to offer service across currently recognized LATA boundaries without first receiving authority from the FCC, U S WEST will become subject to charges that it has committed a willful and knowing violation of the Act and this Commission's rules. We, thus, request your written commitment that U S WEST will not begin to offer any telecommunication services across current LATA boundaries prior to receiving authority to do so from the FCC. Please respond within ten business days:

Sincerely,

Lawrence E. Strickling
Chief
Common Carrier Bureau

cc: Carl J. Kuntz, Commissioner-Chairman, ACC
Tony West, Commissioner, ACC
James R. Irvin, Commissioner, ACC

JUN-02-99 WED 01:20 PM

202 457 2127

P. 01

Attachment 13

STATE OF IOWA
DEPARTMENT OF COMMERCE
UTILITIES BOARD

IN RE: COX IOWA TELCOM, LLC, Complainant, vs. QWEST CORPORATION, Respondent.	DOCKET NO. FCU-02-1
---	---------------------

FINAL DECISION AND ORDER

(Issued April 3, 2002)

TABLE OF CONTENTS

Procedural History	2
Issues	
A. Whether the Board has the authority to prohibit the imposition of a local service freeze	3
B. Whether the issue of local exchange carrier slamming is prevalent, or is expected to become prevalent, in Iowa so as to necessitate the implementation of a local service freeze option for the protection of Iowa customers	5
C. Whether the implementation of a local service freeze by Qwest Corporation will have an adverse effect on the competitive telecommunications market in Iowa	7
Findings of Fact	9
Conclusions of Law	9
Ordering Clauses	10

PROCEDURAL HISTORY

On January 3, 2002, Cox Iowa Telecom, LLC (Cox Iowa), filed a formal complaint against Qwest Corporation (Qwest) with the Utilities Board (Board) alleging that Qwest's decision to offer local service freezes (LSFs) to Iowa customers is an anti-competitive measure. On January 22, 2002, Cox Iowa filed an application and motion to stay Qwest's implementation of LSFs in Iowa, which became available to Iowa customers on January 17, 2002.

On January 23, 2002, Qwest filed a response to Cox Iowa's complaint and made a motion to dismiss the complaint, asserting that the Board rules allow for LSFs and that Cox Iowa's complaint, therefore, had no merit.

On February 6, 2002, the Board issued an order docketing the complaint, establishing a procedural schedule, and granting Cox Iowa's motion to stay the imposition of Qwest's LSF. In that order, the Board requested that Qwest file a proposed tariff provision outlining the details of the local service freeze option.

On February 11, 2002, MCI Metro Access Transmission Services, Inc. (MCImetro), filed with the Board a petition to intervene as a local exchange competitor of Qwest. The Board issued an order granting MCImetro's petition on February 25, 2002.

Also on February 11, 2002, Qwest filed a proposed tariff provision regarding the local service freeze in response to the Board's February 6, 2002, order.

A hearing was held in this docket on March 4, 2002. Cox Iowa, Qwest, and the Consumer Advocate Division of the Department of Justice (Consumer Advocate)

entered appearances through their counsel. Also on March 4, 2002, MCImetro filed with the Board a withdrawal of its intervention in this docket.

At the hearing, the Board noted that the number of confirmed slamming complaints received by the Board was relevant to the inquiry and that Board staff was preparing an exhibit outlining that information. On March 7, 2002, the Board issued an order proposing to take official notice of the number of local service slamming complaints received by the Board since January 1, 2001, and revising the procedural schedule so as to allow the parties adequate time to respond to the information. No objections were filed by the parties in response to the slamming information compiled by the Board. Therefore, effective March 13, 2002, all local slamming information compiled by the Board for the purpose of this docket and illustrated in Board's Exhibit "A," became part of the evidentiary record in this matter.

ISSUES

A. Whether the Board has the authority to prohibit the imposition of a local service freeze.

In support of its decision to implement a local service freeze option in Iowa, Qwest cites to Iowa Code § 476.103(8), which states that the Board "shall adopt competitively neutral rules establishing procedures for the solicitation, imposition, and lifting of preferred carrier freezes." Qwest asserts that through this Code section, the Iowa legislature mandated the Board allow for the implementation of a local service freeze and, therefore, the Board cannot prohibit Qwest from implementing its LSF.

Cox Iowa contends that despite the language of Iowa Code § 476.103(8), the Board was given the authority to prohibit the imposition of a local service freeze under the language of Iowa Code § 476.103(1), which provides, "[s]uch rules shall not impose undue restrictions upon competition in telecommunications markets." Cox Iowa contends that Qwest's proposed LSF imposes undue restrictions on Iowa telecommunication competition, and therefore, the Board has the authority to prohibit such a practice.

Consumer Advocate did not address this issue.

The Board finds that Iowa Code § 476.103 grants it the authority to prohibit Qwest from implementing its proposed local service freeze. In Chapter 476.103, the legislature specifically mandated the Board adopt competitively neutral rules regarding the solicitation, imposition, and lifting of preferred carrier freezes, but this section does not specifically mandate the imposition of local service freezes.

In accordance with that Code section, 199 IAC 22.23(2)"d" encompasses the Board's rules regarding preferred carrier freezes. While these rules discuss preferred carrier freezes for local exchange services, 199 IAC 22.23(2)"d"(4)"3" provides:

To the extent a jurisdiction allows for the imposition of preferred service provider freezes on additional preferred service provider selections (e.g., for local exchange, intraLATA/intrastate toll, interLATA/interstate toll service, and international toll.), . . .

This language indicates the Board reserved the right to make the determination at issue in this case.

In addition, the FCC has recognized that "preferred carrier freezes can have a particularly adverse impact on the development of competition in markets soon to be or newly opened to competition." See FCC 98-334, CC Docket No.94-129, ¶ 135. Therefore, the FCC has explicitly authorized individual states to adopt a moratorium on intrastate preferred carrier freezes. Id. at 137. Specifically, the FCC has provided that individual states, based on their observations of slamming incidents in their jurisdictions and the development of competition in relevant markets, "may adopt moratoria on the imposition or solicitation of intrastate preferred carrier freezes if they deem such action appropriate to prevent incumbent LECs from engaging in anti-competitive conduct." Id.

As stated above, the Board's rules in 199 IAC 22.23(2)"d"(4)"3" conform to the FCC's order that allows for jurisdictions to adopt a moratorium on the imposition of a local service freeze if such action is appropriate to maintain healthy competition. Therefore, the Board finds it has the authority to determine whether to allow Qwest to implement a local service freeze option in Iowa.

B. Whether the issue of local exchange carrier slamming is prevalent, or is expected to become prevalent, in Iowa so as to necessitate the implementation of a local service freeze option for the protection of Iowa customers.

Cox Iowa cites to Board's Exhibit "A," which provides that since January 1, 2001, a total of 14 slamming complaints involving local dial tone were confirmed by Board staff as being local slams. (See Exhibit A). Cox Iowa asserts that the information provided in Board Exhibit "A" shows that Iowa consumers are not at risk

for local slams. Cox Iowa also suggests that the Board has sufficient tools to deal with and discipline rogue carriers who commit local slams.

Qwest states that its LSF protection satisfies a legitimate need by thwarting unauthorized slamming. (Tr. at 76-77). Qwest asserts that the 42 local service slamming complaints received by the Board since January 1, 2001, are significant enough to merit the necessity of an LSF. (See Exhibit A). Qwest states that even one local slamming complaint is too many, and the 14 Board-confirmed cases could have been avoided had the LSF option been in effect. (See Exhibit A).

Consumer Advocate asserts that the evidence officially noticed by the Board in Exhibit "A" shows that the occurrence of local service slamming in Iowa is not *de minimis*. (See Exhibit A). Consumer Advocate posits that this information fails to support a prohibition of local service freezes. In addition, Consumer Advocate contends it would be unwise to prohibit the practice of local service freezes in Iowa based on a generalized allegation that the practice creates a potential for abuse.

The record indicates that as of June 30, 2001, Iowa had 1,544,509 end-user switched access lines. (See Exhibit 102). The evidence officially noticed by the Board in Exhibit "A" shows that Board staff has received 42 local service slamming complaints since January 1, 2001, and that four telecommunications carriers have been implicated. (See Exhibit A). Of those complaints, 14 have been determined to be instances of local slamming, 24 have been determined as "no slams," and four remain under investigation. (See Exhibit A).

Despite the assertions by Qwest and Consumer Advocate that the evidence of 14 confirmed local service slams since January 1, 2001, is not *de minimis*, the Board finds that this number is insignificant, especially when placed in proportion with the number of local service lines in Iowa. Therefore, the Board finds that local service slamming is not a problem in Iowa at this time and, as such, does not warrant the imposition of a local service freeze for consumer protection.

C. Whether the implementation of a local service freeze by Qwest Corporation will have an adverse effect on the competitive telecommunications market in Iowa.

Cox Iowa maintains that competition in the telecommunications market is dismal, especially in rural Iowa, and that only a handful of well-positioned competitive local exchange carriers (CLECs) have survived and thrived. Cox Iowa states that the FCC recognized the potential problems with freezes in less competitive markets and, as a result, gave states the ability to adopt moratoria on the imposition or solicitation of intrastate preferred carrier freezes. See FCC 98-334, CC Docket No. 94-129, ¶ 137. Cox Iowa concludes that with only 14 Board-verified local slams by two companies since January 1, 2001 (See Exhibit A), in addition to limited competition in Iowa, especially in the rural areas, the Board has a significant reason to adopt a moratorium on the imposition of local service freezes.

Qwest disagrees with Cox Iowa's position that local competition in Iowa is virtually non-existent. Qwest cites to the FCC Industry Analysis Division of the Common Carrier Bureau report on local telephone competition, which reports that the CLECs in Iowa possess 11 percent of the total market as of June 30, 2001.

(Tr. at 29-30; See also Exhibit 102). Qwest concludes that this figure demonstrates that competition in Iowa is alive and well and could withstand the implementation of a local service freeze.

Consumer Advocate recognizes that local service freezes have the potential to be used in an anti-competitive manner, and if such a use occurs in the local market, it could further slow the development of competition and frustrate the central policy objective of bringing competition to Iowa markets. Consumer Advocate also points out that according to its own evidence, Qwest retains over 85 percent of the local telephone lines in its Iowa territories of incumbency (See Tr. at 152), and according to the FCC, incumbents retain 89 percent of the local telephone lines statewide. (See Exhibit 102).

The fact that Qwest retains a major market share of the local telephone lines in its Iowa territories and that as of June 30, 2001, CLECs possess a small percentage of the total market, demonstrates that local service competition is in its infancy in Iowa. The added step for the customer of contacting both Qwest and the CLEC in order to change the local service provider may be all that is needed to prevent a customer from making that switch.

Given the negligible state of local competition in Iowa and the few instances of local service slamming, the Board finds that a local service freeze implemented by Qwest at this time is unnecessary to protect consumers and will have a detrimental effect on local competition.

FINDINGS OF FACT

1. The number of Board-confirmed local service slams since January 1, 2001, is minimal, especially when placed in proportion with the number of local service lines in Iowa, and demonstrates that local service slamming currently is not a problem in Iowa.

2. CLECs possess a small percentage of the total Iowa telecommunications market; an indicator that local competition is in its infancy in Iowa, and as such, the imposition of a local service freeze will have a detrimental effect on local competition.

CONCLUSIONS OF LAW

1. The Board has jurisdiction over the parties and the subject matter of this proceeding pursuant to Iowa Code § 476.103(6).

2. The FCC has given states the authority to adopt a moratorium on the imposition or solicitation of local service freezes, if they deem such action appropriate to prevent incumbent local exchange carriers (LECs) from engaging in anti-competitive conduct. See FCC 98-34, CC Docket No. 94-129, ¶ 137.

3. The Iowa Code and Board rules give the Board the discretion to prohibit Qwest's implementation of a local service freeze in Iowa.

ORDERING CLAUSES

IT IS THEREFORE ORDERED:

1. Pursuant to the findings above, Qwest Corporation is prohibited from implementing a local service freeze in Iowa at this time.
2. Qwest Corporation shall withdraw its proposed tariff provision, filed February 11, 2002, regarding the local service freeze option, within 30 days of the issuance of this order.
3. Any customers enrolled in the local service freeze option prior to the issuance of the Board's February 6, 2002, order granting Cox Iowa Telecom's motion to stay the implementation of the freeze shall be notified of this order and their participation in the local service freeze option shall be terminated within 30 days of the issuance of this order.

UTILITIES BOARD

/s/ Diane Munns

ATTEST:

/s/ Judi K. Cooper
Executive Secretary

/s/ Elliott Smith

Dated at Des Moines, Iowa, this 3rd day of April, 2002.

Attachment 14

TABLE 1: Total CLEC Penetration in Qwest-CO's Service Territory

	Quantity	Share
Qwest CO Retail Switched Access Lines¹	2,548,062	89.0%
CLEC Facilities-Based Lines²	194,102	6.8%
CLEC UNE Lines³	79,406	2.8%
CLEC Resale Lines⁴	42,141	1.5%
Total Lines in Qwest CO Service Territory	2,863,711	100.0%

TABLE 2: Residential Market CLEC Penetration in Qwest-CO Service Territory

	Quantity	Share
Qwest CO Retail Residential Switched Access Lines⁵	1,798,195	95.1%
CLEC Residential Facilities-Based Lines⁶	58,619	3.1%
CLEC Residential UNE Lines⁷	9,049	0.5%
CLEC Residential Resale Lines⁸	25,644	1.4%
Total Residential Lines in Qwest CO Service Territory	1,891,507	100.0%

¹ Teitzel Decl. ¶ 53.

² Qwest witness Teitzel estimates 194,102 LIS trunks in Colorado. Teitzel Decl. ¶ 40. As described above, we have applied a multiplier of one to estimate CLEC facilities-based lines.

³ Teitzel Decl. ¶ 40.

⁴ Teitzel Decl. ¶ 40.

⁵ Teitzel Decl. ¶ 53.

⁶ Based on an E911 data-base, Qwest witness Teitzel estimates that residential listings are 30.2% of total CLEC listings (173,092 out of 572,980) in Colorado. Teitzel Decl. ¶ 38. We have applied this percentage to estimate the percentage of residential facilities-based lines in Colorado (30.2% of 194,102 lines).

⁷ Based on a White Pages Listings database, Qwest witness Teitzel estimates that 9,049 UNE-P lines in Colorado are in residential service. Teitzel Decl., Exhibit DLT-Track A/PI-CO-1. See also Ex Parte letter from R. Hance Haney, Qwest Executive Director – Federal Regulatory to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 18, 2002.

⁸ Teitzel Decl. ¶ 47.

TABLE 3: Total CLEC Penetration in Qwest-ID's Service Territory

	Quantity	Share
Qwest ID Retail Switched Access Lines⁹	518,962	94.3%
CLEC Facilities-Based Lines¹⁰	10,820	2.0%
CLEC UNE Lines¹¹	11,438	2.1%
CLEC Resale Lines¹²	9,194	1.7%
Total Lines in Qwest CO Service Territory	550,414	100.0%

TABLE 4: Residential Market CLEC Penetration in Qwest-ID Service Territory

	Quantity	Share
Qwest ID Retail Residential Switched Access Lines¹³	373,987	98.1%
CLEC Residential Facilities-Based Lines¹⁴	465	0.1%
CLEC Residential UNE Lines¹⁵	41	0.0%
CLEC Residential Resale Lines¹⁶	6,803	1.8%
Total Residential Lines in Qwest CO Service Territory	381,296	100.0%

⁹ Teitzel Decl. ¶ 53.

¹⁰ Qwest witness Teitzel estimates 10,820 LIS trunks in Idaho. Teitzel Decl. ¶ 40. As described above, we have applied a multiplier of one to estimate CLEC facilities-based lines.

¹¹ Teitzel Decl. ¶ 40.

¹² Teitzel Decl. ¶ 40.

¹³ Teitzel Decl. ¶ 53.

¹⁴ Based on an E911 data-base, Qwest witness Teitzel estimates that residential listings are 4.3% of total CLEC listings (1,763 out of 40,577) in Idaho. Teitzel Decl. ¶ 38. We have applied this percentage to estimate the percentage of residential facilities-based lines in Idaho (4.3% of 10,820 lines).

¹⁵ Based on a White Pages Listings database, Qwest witness Teitzel estimates that 41 UNE-P lines in Idaho are in residential service. Teitzel Decl., Exhibit DLT-Track A/PI-ID-1. See also Ex Parte letter from R. Hance Haney, Qwest Executive Director – Federal Regulatory to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 18, 2002.

¹⁶ Teitzel Decl. ¶ 47.

TABLE 5: Total CLEC Penetration in Qwest-IA's Service Territory

	Quantity	Share
Qwest IA Retail Switched Access Lines¹⁷	926,375	85.6%
CLEC Facilities-Based Lines¹⁸	29,710	2.7%
CLEC UNE Lines¹⁹	110,471	10.2%
CLEC Resale Lines²⁰	16,098	1.5%
Total Lines in Qwest CO Service Territory	1,082,654	100.0%

TABLE 6: Residential Market CLEC Penetration in Qwest-IA Service Territory

	Quantity	Share
Qwest IA Retail Residential Switched Access Lines²¹	704,516	94.6%
CLEC Residential Facilities-Based Lines²²	16,251	2.2%
CLEC Residential UNE Lines²³	14,572	2.0%
CLEC Residential Resale Lines²⁴	9,628	1.3%
Total Residential Lines in Qwest CO Service Territory	744,967	100.0%

¹⁷ Teitzel Decl. ¶ 53.

¹⁸ Qwest witness Teitzel estimates 29,710 LIS trunks in Iowa. Teitzel Decl. ¶ 40. As described above, we have applied a multiplier of one to estimate CLEC facilities-based lines.

¹⁹ Teitzel Decl. ¶ 40.

²⁰ Teitzel Decl. ¶ 40.

²¹ Teitzel Decl. ¶ 53.

²² Based on an E911 data-base, Qwest witness Teitzel estimates that residential listings are 54.7% of total CLEC listings (40,328 out of 73,668) in Iowa. Teitzel Decl. ¶ 38. We have applied this percentage to estimate the percentage of residential facilities-based lines in Iowa (54.7% of 29,710 lines).

²³ Based on a White Pages Listings database, Qwest witness Teitzel estimates that 14,572 UNE-P lines in Iowa are in residential service. Teitzel Decl., Exhibit DLT-Track A/PI-IA-1. See also Ex Parte letter from R. Hance Haney, Qwest Executive Director – Federal Regulatory to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 18, 2002.

²⁴ Teitzel Decl. ¶ 47.

TABLE 7: Total CLEC Penetration in Qwest-NE's Service Territory

	Quantity	Share
Qwest NE Retail Switched Access Lines²⁵	419,892	89.0%
CLEC Facilities-Based Lines²⁶	36,046	7.6%
CLEC UNE Lines²⁷	4,446	0.9%
CLEC Resale Lines²⁸	11,437	2.4%
Total Lines in Qwest CO Service Territory	471,821	100.0%

TABLE 8: Residential Market CLEC Penetration in Qwest-NE Service Territory

	Quantity	Share
Qwest NE Retail Residential Switched Access Lines²⁹	281,432	90.7%
CLEC Residential Facilities-Based Lines³⁰	20,330	6.6%
CLEC Residential UNE Lines³¹	1,269	0.4%
CLEC Residential Resale Lines³²	7,091	2.3%
Total Residential Lines in Qwest CO Service Territory	310,122	100.0%

²⁵ Teitzel Decl. ¶ 53.

²⁶ Qwest witness Teitzel estimates 36,046 LIS trunks in Nebraska. Teitzel Decl. ¶ 40. As described above, we have applied a multiplier of one to estimate CLEC facilities-based lines.

²⁷ Teitzel Decl. ¶ 40.

²⁸ Teitzel Decl. ¶ 40.

²⁹ Teitzel Decl. ¶ 53.

³⁰ Based on an E911 data-base, Qwest witness Teitzel estimates that residential listings are 56.4% of total CLEC listings (92,177 out of 163,296) in Nebraska. Teitzel Decl. ¶ 38. We have applied this percentage to estimate the percentage of residential facilities-based lines in Nebraska (56.4% of 36,046 lines).

³¹ Based on a White Pages Listings database, Qwest witness Teitzel estimates that 1,269 UNE-P lines in Nebraska are in residential service. Teitzel Decl., Exhibit DLT-Track A/PI-NE-1. See also Ex Parte letter from R. Hance Haney, Qwest Executive Director – Federal Regulatory to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 18, 2002.

³² Teitzel Decl. ¶ 47.

TABLE 9: Total CLEC Penetration in Qwest-ND's Service Territory

	Quantity	Share
Qwest ND Retail Switched Access Lines³³	168,880	84.9%
CLEC Facilities-Based Lines³⁴	1,176	0.6%
CLEC UNE Lines³⁵	21,149	10.6%
CLEC Resale Lines³⁶	7,796	3.9%
Total Lines in Qwest CO Service Territory	199,001	100.0%

TABLE 10: Residential Market CLEC Penetration in Qwest-ND Service Territory

	Quantity	Share
Qwest ND Retail Residential Switched Access Lines³⁷	125,377	95.3%
CLEC Residential Facilities-Based Lines³⁸	485	0.4%
CLEC Residential UNE Lines³⁹	115	0.0%
CLEC Residential Resale Lines⁴⁰	5,578	4.2%
Total Residential Lines in Qwest CO Service Territory	131,555	100.0%

³³ Teitzel Decl. ¶ 53.

³⁴ Qwest witness Teitzel estimates 1,176 LIS trunks in North Dakota. Teitzel Decl. ¶ 40. As described above, we have applied a multiplier of one to estimate CLEC facilities-based lines.

³⁵ Teitzel Decl. ¶ 40.

³⁶ Teitzel Decl. ¶ 40.

³⁷ Teitzel Decl. ¶ 53.

³⁸ Based on an E911 data-base, Qwest witness Teitzel estimates that residential listings are 41.2% of total CLEC listings (6,584 out of 1,176) in North Dakota. Teitzel Decl. ¶ 38. We have applied this percentage to estimate the percentage of residential facilities-based lines in North Dakota (41.2% of 1,176 lines).

³⁹ Based on a White Pages Listings database, Qwest witness Teitzel estimates that 115 UNE-P lines in North Dakota are in residential service. Teitzel Decl., Exhibit DLT-Track A/PI-ND-1. See also Ex Parte letter from R. Hance Haney, Qwest Executive Director – Federal Regulatory to Marlene H. Dortch, Secretary, Federal Communications Commission, dated June 18, 2002.

⁴⁰ Teitzel Decl. ¶ 47.

Attachment 15

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
Advanced Communications Technologies/Eschelon Telecom	N/A ²	Being investigated by several states and federal government regarding secret, illegal agreements with Qwest. ³
Allegiance Telecom	-89.11%	S&P downgraded credit rating in June 2002 based upon "continued weak fundamentals" of CLEC industry and belief that Allegiance will have difficulty meeting minimum revenue targets in 2nd and 3rd Quarter 2002, and does not expect company to be free cash flow positive in near term; ⁴ reported 1st Quarter 2002 loss of \$112.6 million; ⁵ reported 3rd Quarter 2001 loss of \$106.5 million; ⁶ lost \$275.5 million for year 2000. ⁷
Alltel Communications	-26.52%	1st Quarter 2002 profits declined over 40% from 2001; ⁸ announced in February 2001 plans to lay off 1,000 employees (3.7% of its workforce) and reduce number of operating regions from five to three. ⁹
AT&T	-54.33%	Posted a 1st Quarter 2002 loss of \$975 million (including \$240 million impairment charge related in part to faltering investments in Time Warner Telecom), revenue decline of 11%, expects 2nd Quarter 2002 revenue to fall 8.4% and to reduce capital expenditures by \$300 million to \$400 million; ¹⁰ announced in January 2002 plans to record \$1 billion 4th Quarter 2001 restructuring charge and expects to eliminate 5,000 employees in 2002, after cutting 8,000 in 2001; ¹¹ posted overall loss of \$191 million for 2nd Quarter 2001, ¹² following net loss of \$373 million for 1st Quarter. ¹³
Avista Communications/Avista Corporation	N/A	Avista Corporation decided to divest/dispose of substantially all assets of Avista Communications subsidiary, at loss of at least \$35 million; ¹⁴ subsidiary has never posted a profit, losing \$9.4 million in 2000 and \$2.6 million in 1999. ¹⁵
Cox Communications, Inc./Cox Digital Telephone	-34.88%	Cox Communications reported 1st Quarter 2002 net income decline of 80%, showing a loss of \$59 million (excluding one-time transactions) and 23% increase in operating costs; ¹⁶ 2nd Quarter 2001 net income fell 66% amid a slowdown in rate of subscriber growth; ¹⁷ reduced subscriber growth projections for 3rd Quarter. ¹⁸
Cricket Communications/Leap Wireless	-95.78%	Leap Wireless' stock downgraded in June 2002 because analysts believe may not meet EBITDA thresholds in 2002-2003 resulting in default on vendor loans and amid admission that approximately 5% of reported customers may have been involved in fraud; ¹⁹ eliminated 3% of workforce in May 2002 as part of cost reduction and new market curtailment program; ²⁰ posted net loss of \$483

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
		million in 2001. ²¹
Electric Lightwave, Inc.	-57.88%	Delisted from Nasdaq on May 24, 2002; ²² reported 1st Quarter 2002 loss of \$83.4 million, year-2001 loss of \$170 million, is more than \$1 billion in debt, and has eliminated over 25% of workforce, including 150 lay-offs in May 2002. ²³
Hickory Tech Corp.	-20.47%	Reported "steep decline" in roaming revenues after loss of nationwide roaming partner and lost wireless customers during 1st Quarter 2002. ²⁴
McLeod USA	-67.32%	Filed for "pre-packaged" bankruptcy in January 2002 to eliminate \$3 billion in debt, selling local exchange carrier operations, and assets in several states (including South Dakota and Iowa), and reported 1st Quarter 2002 operating losses of \$157.9 million; ²⁵ expects revenue declines for 2002 and 2003; ²⁶ reported a 4th Quarter 2001 net loss of \$181.5 million; ²⁷ announced in October 2001 revised and scaled-back expansion plans, cuts of 15% of workforce, consolidating 11 plants, 3rd Quarter and year 2001 and 2002 earnings and revenue estimates will be well below expectations; ²⁸ announced in May 2001 elimination of 600 jobs (5% of workforce) and cut 2001-2002 capital expenditure plan by \$300 million, curbing ability to expand. ²⁹
Time Warner Telecom	-92.60%	Reported 1st Quarter 2002 loss of \$43.1 million and 4th Quarter 2001 loss \$32.5 million; ³⁰ eliminated 140 jobs (including 70 in Colorado) in April 2002 and has stopped expanding into new cities; ³¹ parent AOL Time Warner took \$571 million charge for TWTC in 1st Quarter 2002. ³²
Vanion Inc.		Eliminated nearly half of staff in 2001 when primary investor declined to increase capital funding. ³³
WorldCom/MCI Group	-92.40%/ -87.02%	S&P and Moody's downgraded WorldCom credit rating in June 2002—downgrading debt to "junk" status—primarily in response to delay in \$5 billion bank facility, fueling investor speculation regarding possible bankruptcy filing; ³⁴ expected to cut \$1 billion from 2002 capital expenditures and eliminate 16,000 jobs (20% of workforce); ³⁵ as of February 2002, MCI Group stock had been hitting series of 52-week lows following poor 4th Quarter 2001 results; ³⁶ WorldCom announced in August 2001 cut in capital spending by \$2 billion for 2002; ³⁷ reported in July 2001 decreased net income of 85%, earnings decrease of 26%, revenue decrease of 4.6%, and lowered outlook for full year, while MCI Group reported net loss of \$29 million and revenue decrease of 15%; ³⁸ laid off 6,300 employees (6-7% of workforce) in February 2001; ³⁹

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
		361 in March 2001, ⁴⁰ and 832 in April 2001, ⁴¹ and 1,000 across Europe in October 2001. ⁴²
XO Communications, Inc.	-98.98%	Filed for bankruptcy in June 2002, listing total liabilities of \$8.5 billion and owing lenders more than \$4.4 billion; ⁴³ reported 1st Quarter 2002 net loss of \$2.2 billion; ⁴⁴ delisted by Nasdaq and erased value of public stock as part of \$800 million restructuring plan attempting to avoid bankruptcy; ⁴⁵ reported 3rd Quarter 2001 loss of \$50.8 million and Standard & Poor's downgraded credit rating in November 2001; ⁴⁶ announced in October 2001 elimination of 600 jobs (8% of workforce) and reported 2 nd Quarter EBITDA loss of \$70.7 million; ⁴⁷ posted 1st Quarter 2001 loss of \$443.5 million (\$1.31 per share), cutting \$2 billion from planned capital expenditures over the next five years, halting European expansion, delaying some domestic expansions, and curtailing some costly services that had limited potential. ⁴⁸
Z-Tel Technologies	-71.81%	Reported 1st Quarter 2002 loss of \$14.3 million; ⁴⁹ reported 4 th Quarter loss of \$0.26 per share; ⁵⁰ reported net loss of \$170.5 million in 2001 and eliminated 350 jobs (27% of workforce, half of which result from closing office in Minot, North Dakota) in April 2002; ⁵¹ has reduced subscribers to 300,000 in 30 states; ⁵² eliminated over 40% of its workforce, ceased telemarketing, wrote off 80,000 deadbeat subscribers at cost of \$30 million in 2001; ⁵³ significantly slowing its acquisition of new subscribers and its expansion into new markets; ⁵⁴ reported year 2000 loss of \$111.7 million. ⁵⁵

¹ The figures in this column represent the percentage below the 52-week high for the respective publicly traded stocks, as calculated by Morningstar.com at the close of trading on June 21, 2002.

² Morningstar provided no percentage below this stock's 52-week high, which closed at a trading price \$0.03 on June 21, 2002.

³ See Steve Alexander, *Qwest dispute goes to FCC; Phone Company accused of trying 'end run' around state*, STAR TRIBUNE, June 1, 2002, available in 2002 WL 5377062; *AT&T asks commissions to reopen LD record*, TR's STATE NEWSWIRE, May 21, 2002, available in 2002 WL 19917937.

⁴ See *Allegiance Telecom Not Surprised By S&P Downgrade*, DOW JONES NEWSWIRE (June 4, 2002) <<http://news.morningstar.com/news/DJ/M06/D04/1023231662610.html>>.

⁵ See Vikas Bajaj, *Allegiance loss widens while revenue soars*, THE DALLAS MORNING NEWS, May 1, 2002, available in 2002 WL 20320146.

⁶ *Earnings*, THE FORT WORTH STAR-TELEGRAM, October 24, 2001, available in 2001 WL 29223971.

⁷ See *Allegiance Telecom Sees 3rd Quarter Revenue of \$135 Million*, DOW JONES NEWSWIRE (September 26, 2001) <<http://news.morningstar.com/news/DJ/M09/D26/001540777997.html>>.

⁸ See *Alltel Backs 2Q Earnings Estimates*, COMMUNICATIONS TODAY, available in 2002 WL 19686071.

⁹ See Aileen Gallagher, *Alltel to Cut 1,000 Jobs, Maintain Three Regional Headquarters*, THE STREET.COM (February 15, 2001) <<http://www.thestreet.com/tech/telecom/1308185.html>>.

- ¹⁰ See Deborah Solomon, *AT&T Loss Widened in First Period*, THE WALL STREET JOURNAL, April 25, 2002, available in 2002 WL-WSJ 3392833.
- ¹¹ *AT&T Expects to Take \$1 Billion 4th-Quarter Restructuring Charge*, DOW JONES (January 4, 2002) <<http://news.morningstar.com/news/PR/M01/D04/1010180462645.html>>.
- ¹² See *AT&T Broadband Boosts Financial Numbers, New Services*, WARREN'S CABLE REGULATION MONITOR, July 30, 2001, available in 2001 WL 8146764.
- ¹³ See Andy Pelander, *CLEC: Tower of Babel*, UPSIDE MAGAZINE, August 1, 2001, available in 2001 WL 2023187.
- ¹⁴ See Richard Ripley, *Avista Corp. completes \$150 million bond sale*, JOURNAL OF BUSINESS-SPOKANE, February 7, 2002, available in 2002 WL 12523613; Richard Ripley, *Avista eyes healing remedies*, JOURNAL OF BUSINESS-SPOKANE, January 10, 2001, available in 2002 WL 12523529.
- ¹⁵ See Adrienne C. Dellwo, *Deal in works... Portions of Avista unit may be sold*, JOURNAL OF BUSINESS-SPOKANE, October 25, 2001, available in 2002 WL 12734833.
- ¹⁶ See *Cox quarterly profit drops 80%*, ATLANTA JOURNAL-CONSTITUTION, April 23, 2002, available in 2002 WL 3719726; Deborah Solomon, *Cox Net Falls 80%, but Subscriptions Lift Sales*, THE WALL STREET JOURNAL, April 23, 2002, available in 2002 WL-WSJ 3392548; Mavis Scanlon, *Growth in Basic and New Services Boosts Q1 for Cox*, CABLE WORLD, April 29, 2002, available in 2002 WL 9607318.
- ¹⁷ See Deborah Solomon, *Cox Communications' Profit Falls 66%, Amid Slower Rate of Subscriber Growth*, THE WALL STREET JOURNAL, July 24, 2001, available in 2001 WL-WSJ 2870391.
- ¹⁸ See Mike Farrell, *Cox Stumbles Over Basic Growth Slowdown*, MULTICHANNEL NEWS, July 30, 2001, available in 2001 WL 8716302.
- ¹⁹ See Lynnette Luna, *Fraud Trips Up Leap Wireless, Resulting in Analyst Concerns*, TELEPHONY, June 10, 2002, available in 2002 WL 7734226.
- ²⁰ See *Leap cuts work force by 50 employees*, RCR WIRELESS NEWS, May 6, 2002, available in 2002 WL 10370656.
- ²¹ See Dana James, *Cricket plans nationally, acts locally*, MARKETING NEWS, May 13, 2002, available in 2002 WL 9435809.
- ²² See *Electric Lightwave, Inc. to be Delisted by Nasdaq*, BUSINESS WIRE (May 20, 2002) <<http://news.morningstar.com/news/BW/M05/D20/1021896064146.html>>.
- ²³ See Mike Rogoway, *Vancouver's ELI Lays Off 150 Workers*, THE COLUMBIAN, May 29, 2002, available in 2002 WL 19880663.
- ²⁴ See Dan Meyer, *Carriers entice with all-you-can-eat plans*, RCR NEWSWIRE NEWS, May 6, 2002, available in 2002 WL 10370654.
- ²⁵ See *Industry News*, TELECOMMUNICATIONS REPORTS, May 20, 2002, available in 2002 WL 20133945.
- ²⁶ See Henny Sender, *McLeod Offers Test of Chapter 11 in Telecom Sector*, THE WALL STREET JOURNAL, June 19, 2002, available in 2002 WL-WSJ 3398264.
- ²⁷ See *Business Brief, McLeodUSA Inc.: Loss Widens to \$181.5 Million Despite 11% Rise in Revenue*, THE WALL STREET JOURNAL, February 14, 2002, available at 2002 WL-WSJ 3385965.
- ²⁸ See *McLeodUSA Cuts 15% of Work Force, Abandons Expansion Plan and Lowers Profit Targets*, DOW JONES NEWSWIRE (October 3, 2001) <<http://news.morningstar.com/news/DJ/M10/D03/1002117661116.html>>.
- ²⁹ See S.P. Dinnen, *McLeod to save by idling 500-600*, THE DES MOINES REGISTER, May 31, 2001, available in 2001 WL 6784686.
- ³⁰ See *Time Warner Telecom Posts Widening 1Q Loss*, COMMUNICATIONS TODAY, May 8, 2002, available in 2002 WL 19685490.
- ³¹ See *Industry News*, TELECOMMUNICATIONS TODAY, April 8, 2002, available in 2002 WL 20133580.
- ³² See Diane Mermigas, *The cable operator misery index*, ELECTRONIC MEDIA, May 13, 2002, available in 2002 WL 9505285.
- ³³ See Wayne Heilman, *Vanion will expand, hire 25 employees*, THE GAZETTE, May 30, 2002, available in 2002 WL 19775429.
- ³⁴ See *WorldCom/Moody's -2: Ratings Firm Cites Interest Deferral*, DOW JONES NEWSWIRE (June 21, 2002) <<http://news.morningstar.com/news/DJ/M06/D21/1024690862660.html>>; *WorldCom Down -3: Market Concern That Co. Might Draw 2006 Line*, DOW JONES NEWSWIRE (June 20, 2002) <<http://news.morningstar.com/news/DJ/M06/D20/1024597864846.html>>.
- ³⁵ See *WorldCom Doesn't Know When \$5 Billion Credit Line Will Be Done*, DOW JONES NEWSWIRE (June 14, 2002) <<http://news.morningstar.com/news/DJ/M06/D14/1024078261742.html>>.
- ³⁶ See Shawn Young, *Health & Technology: MCI Group Shares Slump Amid Talk of Dividend Cut*, THE WALL STREET JOURNAL, February 13, 2002, available at 2002 WL-WSJ 3385899.

- ³⁷ See *WorldCom's Spending Slowdown is Bad News for Gear Firms*, COMMUNICATIONS TODAY, September 4, 2001, available in 2001 WL 6734123.
- ³⁸ See *WorldCom Group's Net Tumbles 85%; Company Reaffirms Lowered Outlook* (July 26, 2001) <<http://news.morningstar.com/news/DJ/M07/D26/96155845910.html>>.
- ³⁹ See Reuters, *WorldCom Gives Pink Slips to About 6,000 Workers* (Feb. 28, 2001) <<http://quote.fool.com/news/symbolnews.asp?symbols=WCOM&currticker=WCOM&format=decimal&lpp=10&dtfrom=1%2F19%2F2001+3%3A13%3A28+PM&dtto=4%2F19%2F2001+3%3A13%3A28+PM&sourcetype=1&exch=NYSE%2CNASDAQ%2CAMEX%2CMF%2CU%2CUS%2CUSMF&cdnsortby=Date&sid=594246&pos=97&action=gs>>.
- ⁴⁰ See Bernard Hodes Group, *Labor Force Briefs*, MONITOR (April 1, 2001) <http://www.hrplaza.com/talk/PDFs/Monitor_04_01.pdf>.
- ⁴¹ See Tim Richardson, *WorldCom to axe 800 UK jobs*, THE REGISTER (May 2, 2001) <<http://www.theregister.co.uk/content/22/18578.html>>.
- ⁴² See *WorldCom's European cuts will hit Britain hardest*, NETWORK NEWS, October 10, 2001, available in 2001 WL 8762912.
- ⁴³ See *Post says TD Bank, Scotiabank face XO loan woes*, CANADA STOCKWATCH, June 18, 2002, available in 2002 WL 21839611.
- ⁴⁴ See Hilary Smith, *XO plots out restructuring options*, RCR WIRELESS NEWS, May 20, 2002, available in 2002 WL 10370771.
- ⁴⁵ See Carol M. Cooper, *Where to Invest: Strategies for Stock & Bonds: The Pros*, BUSINESSWEEK, December 31, 2001, available in 2001 WL 26536113; *XO is Forced into Bailout Erasing its Stock Value*, TELECOM MANAGER'S VOICE REPORT, available in 2001 WL 23837639; Jerry Knight, *Telecom Firms Knew Market Wouldn't Be All That Fell*, THE WASHINGTON POST, December 3, 2001, available in 2001 WL 30330083.
- ⁴⁶ *S&P Downgrades XO's Debt Rating*, COMMUNICATIONS TODAY, November 12, 2001, available in 2001 WL 29446532.
- ⁴⁷ See *XO Cuts 600 Jobs*, COMMUNICATIONS TODAY, October 3, 2001, available in 2001 WL 673406; *XO Communications Inc.: Layoffs of 600 Are Planned, 'Primarily' in Staff Support*, THE WALL STREET JOURNAL, October 2, 2001, available in 2001 WL-WSJ 2877288.
- ⁴⁸ See Shawn Young, *XO Reports Wide Loss for First Quarter, Gets \$250 Million in Additional Funding*, THE WALL STREET JOURNAL, April 27, 2001, available in 2001 WL-WSJ 2861760.
- ⁴⁹ See *Business Briefs*, THE TAMPA TRIBUNE, May 11, 2002, available in 2002 WL 6548814.
- ⁵⁰ See *Z-Tel 4th Quarter Operating Loss 26 Cents A Share*, MORNINGSTAR.COM. (Feb. 28, 2002)
- ⁵¹ See Louis Hau, *Z-Tel restructuring eliminates 350 jobs*, ST. PETERSBURG TIMES, available in 2002 WL 18541694.
- ⁵² See Jeff Harrington, *Tampa, Fla., Phone Company's Losses Swell to \$108 Million in Second Quarter*, ST. PETERSBURG TIMES, August 14, 2001, available in 2001 WL 26624340.
- ⁵³ See Cherie Jacobs, *Z-Tel Technologies of Florida Cuts Costs, Losses*, TAMPA TRIBUNE, June 29, 2001, available in 2001 WL 2447401.
- ⁵⁴ See Press Release, *Z-Tel Offers Guidance on Revised Business Model, Expected Results for 2nd Quarter, 3rd Quarter and 2001*, (June 20, 2001) <<http://biz.yahoo.com/bw/010620/0194.html>>.
- ⁵⁵ See Scott Barancik, *A Friendly Reminder from the Boss*, ST. PETERSBURG TIMES, May 21, 2001, available in 2001 WL 22043411.

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
Advanced Communications Technologies/Eschelon Telecom	N/A ²	Being investigated by several states and federal government regarding secret, illegal agreements with Qwest. ³
Allegiance Telecom	-89.11%	S&P downgraded credit rating in June 2002 based upon "continued weak fundamentals" of CLEC industry and belief that Allegiance will have difficulty meeting minimum revenue targets in 2nd and 3rd Quarter 2002, and does not expect company to be free cash flow positive in near term; ⁴ reported 1st Quarter 2002 loss of \$112.6 million; ⁵ reported 3rd Quarter 2001 loss of \$106.5 million; ⁶ lost \$275.5 million for year 2000. ⁷
Alltel Communications	-26.52%	1st Quarter 2002 profits declined over 40% from 2001; ⁸ announced in February 2001 plans to lay off 1,000 employees (3.7% of its workforce) and reduce number of operating regions from five to three. ⁹
AT&T	-54.33%	Posted a 1st Quarter 2002 loss of \$975 million (including \$240 million impairment charge related in part to faltering investments in Time Warner Telecom), revenue decline of 11%, expects 2nd Quarter 2002 revenue to fall 8.4% and to reduce capital expenditures by \$300 million to \$400 million; ¹⁰ announced in January 2002 plans to record \$1 billion 4th Quarter 2001 restructuring charge and expects to eliminate 5,000 employees in 2002, after cutting 8,000 in 2001; ¹¹ posted overall loss of \$191 million for 2nd Quarter 2001, ¹² following net loss of \$373 million for 1st Quarter. ¹³
Avista Communications/Avista Corporation	N/A	Avista Corporation decided to divest/dispose of substantially all assets of Avista Communications subsidiary, at loss of at least \$35 million; ¹⁴ subsidiary has never posted a profit, losing \$9.4 million in 2000 and \$2.6 million in 1999. ¹⁵
Cox Communications, Inc./Cox Digital Telephone	-34.88%	Cox Communications reported 1st Quarter 2002 net income decline of 80%, showing a loss of \$59 million (excluding one-time transactions) and 23% increase in operating costs; ¹⁶ 2nd Quarter 2001 net income fell 66% amid a slowdown in rate of subscriber growth; ¹⁷ reduced subscriber growth projections for 3rd Quarter. ¹⁸
Cricket Communications/Leap Wireless	-95.78%	Leap Wireless' stock downgraded in June 2002 because analysts believe may not meet EBITDA thresholds in 2002-2003 resulting in default on vendor loans and amid admission that approximately 5% of reported customers may have been involved in fraud; ¹⁹ eliminated 3% of workforce in May 2002 as part of cost reduction and new market curtailment program; ²⁰ posted net loss of \$483

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
		million in 2001. ²¹
Electric Lightwave, Inc.	-57.88%	Delisted from Nasdaq on May 24, 2002, ²² reported 1st Quarter 2002 loss of \$83.4 million, year-2001 loss of \$170 million, is more than \$1 billion in debt, and has eliminated over 25% of workforce, including 150 lay-offs in May 2002. ²³
Hickory Tech Corp.	-20.47%	Reported "steep decline" in roaming revenues after loss of nationwide roaming partner and lost wireless customers during 1st Quarter 2002. ²⁴
McLeod USA	-67.32%	Filed for "pre-packaged" bankruptcy in January 2002 to eliminate \$3 billion in debt, selling local exchange carrier operations, and assets in several states (including South Dakota and Iowa), and reported 1st Quarter 2002 operating losses of \$157.9 million; ²⁵ expects revenue declines for 2002 and 2003; ²⁶ reported a 4th Quarter 2001 net loss of \$181.5 million; ²⁷ announced in October 2001 revised and scaled-back expansion plans, cuts of 15% of workforce, consolidating 11 plants, 3rd Quarter and year 2001 and 2002 earnings and revenue estimates will be well below expectations; ²⁸ announced in May 2001 elimination of 600 jobs (5% of workforce) and cut 2001-2002 capital expenditure plan by \$300 million, curbing ability to expand. ²⁹
Time Warner Telecom	-92.60%	Reported 1st Quarter 2002 loss of \$43.1 million and 4th Quarter 2001 loss \$32.5 million; ³⁰ eliminated 140 jobs (including 70 in Colorado) in April 2002 and has stopped expanding into new cities; ³¹ parent AOL Time Warner took \$571 million charge for TWTC in 1st Quarter 2002. ³²
Vanion Inc.		Eliminated nearly half of staff in 2001 when primary investor declined to increase capital funding. ³³
WorldCom/MCI Group	-92.40%/ -87.02%	S&P and Moody's downgraded WorldCom credit rating in June 2002—downgrading debt to "junk" status—primarily in response to delay in \$5 billion bank facility, fueling investor speculation regarding possible bankruptcy filing; ³⁴ expected to cut \$1 billion from 2002 capital expenditures and eliminate 16,000 jobs (20% of workforce); ³⁵ as of February 2002, MCI Group stock had been hitting series of 52-week lows following poor 4th Quarter 2001 results; ³⁶ WorldCom announced in August 2001 cut in capital spending by \$2 billion for 2002; ³⁷ reported in July 2001 decreased net income of 85%, earnings decrease of 26%, revenue decrease of 4.6%, and lowered outlook for full year, while MCI Group reported net loss of \$29 million and revenue decrease of 15%; ³⁸ laid off 6,300 employees (6-7% of workforce) in February 2001; ³⁹

<u>Facilities-Based Providers</u> (CO, ID, NE, IA, ND)	<u>Change in Mkt. Cap.¹</u>	<u>Current Financial Situation</u>
		361 in March 2001, ⁴⁰ and 832 in April 2001, ⁴¹ and 1,000 across Europe in October 2001. ⁴²
XO Communications, Inc.	-98.98%	Filed for bankruptcy in June 2002, listing total liabilities of \$8.5 billion and owing lenders more than \$4.4 billion; ⁴³ reported 1st Quarter 2002 net loss of \$2.2 billion; ⁴⁴ delisted by Nasdaq and erased value of public stock as part of \$800 million restructuring plan attempting to avoid bankruptcy; ⁴⁵ reported 3rd Quarter 2001 loss of \$50.8 million and Standard & Poor's downgraded credit rating in November 2001; ⁴⁶ announced in October 2001 elimination of 600 jobs (8% of workforce) and reported 2 nd Quarter EBITDA loss of \$70.7 million; ⁴⁷ posted 1st Quarter 2001 loss of \$443.5 million (\$1.31 per share), cutting \$2 billion from planned capital expenditures over the next five years, halting European expansion, delaying some domestic expansions, and curtailing some costly services that had limited potential. ⁴⁸
Z-Tel Technologies	-71.81%	Reported 1st Quarter 2002 loss of \$14.3 million; ⁴⁹ reported 4 th Quarter loss of \$0.26 per share; ⁵⁰ reported net loss of \$170.5 million in 2001 and eliminated 350 jobs (27% of workforce, half of which result from closing office in Minot, North Dakota) in April 2002; ⁵¹ has reduced subscribers to 300,000 in 30 states; ⁵² eliminated over 40% of its workforce, ceased telemarketing, wrote off 80,000 deadbeat subscribers at cost of \$30 million in 2001; ⁵³ significantly slowing its acquisition of new subscribers and its expansion into new markets; ⁵⁴ reported year 2000 loss of \$111.7 million. ⁵⁵

¹ The figures in this column represent the percentage below the 52-week high for the respective publicly traded stocks, as calculated by Morningstar.com at the close of trading on June 21, 2002.

² Morningstar provided no percentage below this stock's 52-week high, which closed at a trading price \$0.03 on June 21, 2002.

³ See Steve Alexander, *Qwest dispute goes to FCC; Phone Company accused of trying 'end run' around state*, STAR TRIBUNE, June 1, 2002, available in 2002 WL 5377062; *AT&T asks commissions to reopen LD record*, TR'S STATE NEWS WIRE, May 21, 2002, available in 2002 WL 19917937.

⁴ See *Allegiance Telecom Not Surprised By S&P Downgrade*, DOW JONES NEWSWIRES (June 4, 2002) <<http://news.morningstar.com/news/DJ/M06/D04/1023231662610.html>>.

⁵ See Vikas Bajaj, *Allegiance loss widens while revenue soars*, THE DALLAS MORNING NEWS, May 1, 2002, available in 2002 WL 20320146.

⁶ *Earnings*, THE FORT WORTH STAR-TELEGRAM, October 24, 2001, available in 2001 WL 29223971.

⁷ See *Allegiance Telecom Sees 3rd Quarter Revenue of \$135 Million*, DOW JONES NEWSWIRES (September 26, 2001) <<http://news.morningstar.com/news/DJ/M09/D26/001540777997.html>>.

⁸ See *Alltel Backs 2Q Earnings Estimates*, COMMUNICATIONS TODAY, available in 2002 WL 19686071.

⁹ See Aileen Gallagher, *Alltel to Cut 1,000 Jobs, Maintain Three Regional Headquarters*, THE STREET.COM (February 15, 2001) <<http://www.thestreet.com/tech/telecom/1308185.html>>.

- ¹⁰ See Deborah Solomon, *AT&T Loss Widened in First Period*, THE WALL STREET JOURNAL, April 25, 2002, available in 2002 WL-WSJ 3392833.
- ¹¹ *AT&T Expects to Take \$1 Billion 4th-Quarter Restructuring Charge*, DOW JONES (January 4, 2002) <<http://news.morningstar.com/news/PR/M01/D04/1010180462645.html>>.
- ¹² See *AT&T Broadband Boosts Financial Numbers, New Services*, WARREN'S CABLE REGULATION MONITOR, July 30, 2001, available in 2001 WL 8146764.
- ¹³ See Andy Pelander, *CLEC: Tower of Babel*, UPSIDE MAGAZINE, August 1, 2001, available in 2001 WL 2023187.
- ¹⁴ See Richard Ripley, *Avista Corp. completes \$150 million bond sale*, JOURNAL OF BUSINESS-SPOKANE, February 7, 2002, available in 2002 WL 12523613; Richard Ripley, *Avista eyes healing remedies*, JOURNAL OF BUSINESS-SPOKANE, January 10, 2001, available in 2002 WL 12523529.
- ¹⁵ See Adrienne C. Dellwo, *Deal in works... Portions of Avista unit may be sold*, JOURNAL OF BUSINESS-SPOKANE, October 25, 2001, available in 2002 WL 12734833.
- ¹⁶ See *Cox quarterly profit drops 80%*, ATLANTA JOURNAL-CONSTITUTION, April 23, 2002, available in 2002 WL 3719726; Deborah Solomon, *Cox Net Falls 80%, but Subscriptions Lift Sales*, THE WALL STREET JOURNAL, April 23, 2002, available in 2002 WL-WSJ 3392548; Mavis Scanlon, *Growth in Basic and New Services Boosts Q1 for Cox*, CABLE WORLD, April 29, 2002, available in 2002 WL 9607318.
- ¹⁷ See Deborah Solomon, *Cox Communications' Profit Falls 66%, Amid Slower Rate of Subscriber Growth*, THE WALL STREET JOURNAL, July 24, 2001, available in 2001 WL-WSJ 2870391.
- ¹⁸ See Mike Farrell, *Cox Stumbles Over Basic Growth Slowdown*, MULTICHANNEL NEWS, July 30, 2001, available in 2001 WL 8716302.
- ¹⁹ See Lynnette Luna, *Fraud Trips Up Leap Wireless, Resulting in Analyst Concerns*, TELEPHONY, June 10, 2002, available in 2002 WL 7734226.
- ²⁰ See *Leap cuts work force by 50 employees*, RCR WIRELESS NEWS, May 6, 2002, available in 2002 WL 10370656.
- ²¹ See Dana James, *Cricket plans nationally, acts locally*, MARKETING NEWS, May 13, 2002, available in 2002 WL 9435809.
- ²² See *Electric Lightwave, Inc. to be Delisted by Nasdaq*, BUSINESS WIRE (May 20, 2002) <<http://news.morningstar.com/news/BW/M05/D20/1021896064146.html>>.
- ²³ See Mike Rogoway, *Vancouver's ELI Lays Off 150 Workers*, THE COLUMBIAN, May 29, 2002, available in 2002 WL 19880663.
- ²⁴ See Dan Meyer, *Carriers entice with all-you-can-eat plans*, RCR NEWSWIRE NEWS, May 6, 2002, available in 2002 WL 10370654.
- ²⁵ See *Industry News*, TELECOMMUNICATIONS REPORTS, May 20, 2002, available in 2002 WL 20133945.
- ²⁶ See Henny Sender, *McLeod Offers Test of Chapter 11 in Telecom Sector*, THE WALL STREET JOURNAL, June 19, 2002, available in 2002 WL-WSJ 3398264.
- ²⁷ See *Business Brief, McLeodUSA Inc.: Loss Widens to \$181.5 Million Despite 11% Rise in Revenue*, THE WALL STREET JOURNAL, February 14, 2002, available at 2002 WL-WSJ 3385965.
- ²⁸ See *McLeodUSA Cuts 15% of Work Force, Abandons Expansion Plan and Lowers Profit Targets*, DOW JONES NEWSWIRES (October 3, 2001) <<http://news.morningstar.com/news/DJ/M10/D03/1002117661116.html>>.
- ²⁹ See S.P. Dinnen, *McLeod to save by idling 500-600*, THE DES MOINES REGISTER, May 31, 2001, available in 2001 WL 6784686.
- ³⁰ See *Time Warner Telecom Posts Widening 1Q Loss*, COMMUNICATIONS TODAY, May 8, 2002, available in 2002 WL 19685490.
- ³¹ See *Industry News*, TELECOMMUNICATIONS TODAY, April 8, 2002, available in 2002 WL 20133580.
- ³² See Diane Mermigas, *The cable operator misery index*, ELECTRONIC MEDIA, May 13, 2002, available in 2002 WL 9505285.
- ³³ See Wayne Heilman, *Vanion will expand, hire 25 employees*, THE GAZETTE, May 30, 2002, available in 2002 WL 19775429.
- ³⁴ See *WorldCom/Moody's -2: Ratings Firm Cites Interest Deferral*, DOW JONES NEWSWIRES (June 21, 2002) <<<http://news.morningstar.com/news/DJ/M06/D21/1024690862660.html>>>; *WorldCom Down -3: Market Concern That Co. Might Draw 2006 Line*, DOW JONES NEWSWIRES (June 20, 2002) <<http://news.morningstar.com/news/DJ/M06/D20/1024597864846.html>>.
- ³⁵ See *WorldCom Doesn't Know When \$5 Billion Credit Line Will Be Done*, DOW JONES NEWSWIRES (June 14, 2002) <<http://news.morningstar.com/news/DJ/M06/D14/1024078261742.html>>.
- ³⁶ See Shawn Young, *Health & Technology: MCI Group Shares Slump Amid Talk of Dividend Cut*, The Wall Street Journal, February 13, 2002, available at 2002 WL-WSJ 3385899.

- ³⁷ See *WorldCom's Spending Slowdown is Bad News for Gear Firms*, COMMUNICATIONS TODAY, September 4, 2001, available in 2001 WL 6734123.
- ³⁸ See *WorldCom Group's Net Tumbles 85%; Company Reaffirms Lowered Outlook* (July 26, 2001) <<http://news.morningstar.com/news/DJ/M07/D26/96155845910.html>>.
- ³⁹ See Reuters, *WorldCom Gives Pink Slips to About 6,000 Workers* (Feb. 28, 2001) <<http://quote.fool.com/news/symbolnews.asp?symbols=WCOM&currticker=WCOM&format=decimal&lpp=10&dtfrom=1%2F19%2F2001+3%3A13%3A28+PM&dtto=4%2F19%2F2001+3%3A13%3A28+PM&sourcetype=1&exch=NYSE%2CNASDAQ%2CAMEX%2CMF%2CU%2CUS%2CUSMF&cdnsortby=Date&sid=594246&pos=97&action=gs>>.
- ⁴⁰ See Bernard Hodes Group, *Labor Force Briefs*, MONITOR (April 1, 2001) <http://www.hrpplaza.com/talk/PDFs/Monitor_04_01.pdf>.
- ⁴¹ See Tim Richardson, *WorldCom to axe 800 UK jobs*, THE REGISTER (May 2, 2001) <<http://www.theregister.co.uk/content/22/18578.html>>.
- ⁴² See *WorldCom's European cuts will hit Britain hardest*, NETWORK NEWS, October 10, 2001, available in 2001 WL 8762912.
- ⁴³ See *Post says TD Bank, Scotiabank face XO loan woes*, CANADA STOCKWATCH, June 18, 2002, available in 2002 WL 21839611.
- ⁴⁴ See Hilary Smith, *XO plots out restructuring options*, RCR WIRELESS NEWS, May 20, 2002, available in 2002 WL 10370771.
- ⁴⁵ See Carol M. Cooper, *Where to Invest: Strategies for Stock & Bonds: The Pros*, BUSINESSWEEK, December 31, 2001, available in 2001 WL 26536113; *XO is Forced into Bailout Erasing its Stock Value*, TELECOM MANAGER'S VOICE REPORT, available in 2001 WL 23837639; Jerry Knight, *Telecom Firms Knew Market Wouldn't Be All That Fell*, THE WASHINGTON POST, December 3, 2001, available in 2001 WL 30330083.
- ⁴⁶ *S&P Downgrades XO's Debt Rating*, COMMUNICATIONS TODAY, November 12, 2001, available in 2001 WL 29446532.
- ⁴⁷ See *XO Cuts 600 Jobs*, COMMUNICATIONS TODAY, October 3, 2001, available in 2001 WL 673406; *XO Communications Inc.: Layoffs of 600 Are Planned, 'Primarily' in Staff Support*, THE WALL STREET JOURNAL, October 2, 2001, available in 2001 WL-WSJ 2877288.
- ⁴⁸ See Shawn Young, *XO Reports Wide Loss for First Quarter, Gets \$250 Million in Additional Funding*, THE WALL STREET JOURNAL, April 27, 2001, available in 2001 WL-WSJ 2861760.
- ⁴⁹ See *Business Briefs*, THE TAMPA TRIBUNE, May 11, 2002, available in 2002 WL 6548814.
- ⁵⁰ See *Z-Tel 4th Quarter Operating Loss 26 Cents A Share*, MORNINGSTAR.COM. (Feb. 28, 2002)
- ⁵¹ See Louis Hau, *Z-Tel restructuring eliminates 350 jobs*, ST. PETERSBURG TIMES, available in 2002 WL 18541694.
- ⁵² See Jeff Harrington, *Tampa, Fla., Phone Company's Losses Swell to \$108 Million in Second Quarter*, ST. PETERSBURG TIMES, August 14, 2001, available in 2001 WL 26624340.
- ⁵³ See Cherie Jacobs, *Z-Tel Technologies of Florida Cuts Costs, Losses*, TAMPA TRIBUNE, June 29, 2001, available in 2001 WL 2447401.
- ⁵⁴ See Press Release, *Z-Tel Offers Guidance on Revised Business Model, Expected Results for 2nd Quarter, 3rd Quarter and 2001*, (June 20, 2001) <<http://biz.yahoo.com/bw/010620/0194.html>>.
- ⁵⁵ See Scott Barancik, *A Friendly Reminder from the Boss*, ST. PETERSBURG TIMES, May 21, 2001, available in 2001 WL 22043411.